

Registration number: 09521994

Upfield Foods UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

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Upfield Foods UK Limited

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Upfield Foods UK Limited

Company Information

Directors A S E Forsman
 P A Tichbon

Company secretary A W Barratt

Registered number 09521994

Registered office 14-21 Rushworth Street
 London
 England
 SE1 0RB

Independent Auditor KPMG LLP
 15 Canada Square
 Canary Wharf
 London
 E14 5GL
 United Kingdom

Upfield Foods UK Limited

Strategic Report

For the year ended 31 December 2021

The directors present their Strategic Report for Upfield Foods UK Limited (the "Company") for the year ended 31 December 2021.

Business review

During the reporting period 2021, the Company conducted its regular business amidst challenging external factors including rising commodity inflation and continued COVID-19 restrictions. The Company took price increase to mitigate commodity inflation, offsetting volume decline. The professional food services business saw some recovery due to the relaxation of COVID-19 restrictions from the second half of 2021.

The second wave of infections continued into early 2021 for COVID-19 with employees continuing to work from home, where possible and applicable, under COVID-19 safe protocols. From a manufacturing perspective across the European supply chain, COVID-19 safe protocols were put in place for employees working in the manufacture and distribution of our products which ensured continuity of supply into the UK but also the safety of our employees. There continued to be no large disruption to goods inflows and sales.

During the second half of 2020 with the transitional arrangements coming to an end between the European Union and the UK as part of Brexit, management worked on plans to ensure supply could come into the country for 2021. This was a key area of focus as it was identified as a risk to the UK business.

The new trading arrangements post Brexit came into force in January 2021. With the detailed planning undertaken in the second half of 2020, there were no material disruptions to goods inflows from mainland Europe.

The profit for the year, after taxation, is £11,318,000 (2020 restated: £48,829,000). The higher profit in the prior year was primarily driven by the closure of the Purfleet manufacturing site.

The directors consider that, in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year was satisfactory. The directors do not expect any development in the Company's business in the coming year which is significantly different from its present activities.

The Company is in a net asset position and the directors expect it to remain so for the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. These business risks and uncertainties affecting the Company are considered to relate to consumption levels, customer landscape, competitor activity, physical risks, legislative, fiscal and regulatory conditions. During early 2021, COVID-19 continued to impact the business due to changing consumer habits. Going Concern risks are addressed in the Directors' Report in more detail.

As part of the wider Upfield group of companies, the Company is subject to policies as set out by Sigma Topco B.V. to properly monitor and control risk. Details of how it is managed in the context of the group is provided in the consolidated financial statements of Sigma Topco B.V. for the year ended 31 December 2021. Copies of 2021 Sigma Topco B.V.'s financial statements can be publicly obtained from their registered address - Overschiestraat 61 5 hoog, 1062XF, Amsterdam, Netherlands.

Financial key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Upfield Foods UK Limited

Strategic Report (continued)

For the year ended 31 December 2021

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of Companies Act 2006

We recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscientious about our responsibilities and duties to our stakeholders under section 172 of the Companies Act 2006.

The customers

We continue to focus on providing customers with quality products at competitive prices.

The employees

We want the Company to be a great place to work, where employees are empowered to make decisions and can develop their skills and capabilities to serve our customers' needs.

The communities

Our products, services and people are beneficial to the communities in which we operate. Our place at the heart of our communities also makes it important that our business practices are ethical and transparent.

The environment

Our products, supply chain and operations all have an impact on the environment. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage, and of resulting financial liability, in connection with our business.

The shareholders

We continue to create long-term, sustainable value for our shareholders, by investing in our competitiveness in our chosen markets.

The suppliers

We continue to strengthen the partnerships we have with our suppliers to deliver great quality products to our customers, at great value.

Approved by the Board of directors on 5 October 2022 and signed on its behalf by:

Peter Tichbon

P A Tichbon
Director

Upfield Foods UK Limited

Directors' Report

For the year ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company consists of the sale of consumer products made by Upfield Europe B.V. The Company's net turnover derives mainly from its retail business, but it also operates a professional foods service business.

Upfield Foods UK Limited is part of the global Upfield group that is the leading producer of plant-based spreads in the world. Upfield products are sold in 95 countries with the most well-known brands in the UK being Flora, Bertolli, I can't believe it's not Butter, Elmlea and Violife.

Results and dividends

The profit for the year, after taxation, amounted to £11,318,000 (2020 restated: £48,829,000).

The dividends paid during the year amounted to £nil (2020: £nil).

Directors of the Company

The directors who held office during the year, and up to the date of signing the financial statements were as follows:

L J Evison (resigned 11 March 2021)

D S Guha (resigned 17 March 2022)

T J Morley (appointed 11 March 2021 and resigned 11 May 2022)

A S E Forsman (appointed 17 March 2022)

P A Tichbon (appointed 11 May 2022)

Directors' indemnities

Pursuant to the Company's articles of association, the directors were throughout the financial year ended 31 December 2021 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Employee engagement

The Company keeps employees fully informed of the Company's strategies and their impact on the performance of the Company and the Group and encourages employee participation. Briefing meetings are held for each division to give information on the Company matters and provide an opportunity for discussion. E-mail bulletins are circulated regularly to all employees to ensure a common awareness of financial and economic factors that affect the performance of the Company.

Annual employee engagement surveys are undertaken allowing employees to feedback to management which help shape future briefings and communication.

Political and charitable donations

The Company made no donations or incurred any political and charitable expenditure during the year (2020: £nil).

Future developments

The Company expects to maintain its position as the leading plant-based spreads company in the UK. We expect net sales to grow moderately, and profitability to stay at the same margin. The Company continues to operate as a going concern.

Upfield Foods UK Limited

Directors' Report (continued)

For the year ended 31 December 2021

Financial risk management, objectives and policies

Foreign currency risk

The Company monitors and manages the foreign currency risk relating to the operations of the Company, with the assistance of the treasury department of the Sigma Topco B.V.

Credit risk

Credit risk arises from exposures to customers. The creditworthiness of customers granted credit terms in the normal course of business is monitored continually.

The terms and conditions of credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer. Sales are not materially dependent on a single customer or a small group of customers.

Liquidity risk

The Company ensures availability of funding for its operations through an appropriate amount of committed bank facilities on a group wide basis.

Other risks

The Company is exposed to interest rate risk arising out of amounts owed to/by group undertakings. The exposures to interest rate risks have not been hedged as there is no net interest rate risk at group level on account of intra group loan balances.

Going concern

The Company has net current assets of £85,458,000 as at the Balance Sheet date. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe, but plausible downsides, the Company will have sufficient funds, through funding from its intermediate parent company, Upfield Group B.V. to meet its liabilities as they fall due for that period.

Upfield Group B.V. has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Post balance sheet events

There have been no post balance sheet events that are necessary for the directors to report on.

Upfield Foods UK Limited

Directors' Report (continued)

For the year ended 31 December 2021

Carbon Reporting

This report is provided to comply with the UK government's policy on Streamlined Energy and Carbon Reporting.

GHG EMISSIONS AND ENERGY DATA

	2021	2020
Energy consumption to calculate emissions (kWh)		
Electricity	65,819	75,871
Emissions (tCO₂e)		
Electricity market-based method	15,345	17,689
<i>Total gross emissions tCO₂e based on above</i>	15,345	17,689
Turnover during the year (£000)	191,474	193,511
Intensity ratios		
tCO ₂ e (tCO ₂ e/ Turnover in thousand)	0.08	0.09
tCO ₂ e per m ² of floorspace	101	-

Methodology

The emissions and energy data noted above has been collated, calculated and presented using the methodology set out in WRI / WBCSD The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004, including separate guidance on Scope 2 and Scope 3 emissions.

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that:

so far as they are aware,

- there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Upfield Foods UK Limited

Directors' Report (continued)

For the year ended 31 December 2021

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of directors on 5 October 2022 and signed on its behalf by:

Peter Tichbon

P A Tichbon
Director
14-21 Rushworth Street,
London,
England
SE1 0RB

Upfield Foods UK Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

For the year ended 31 December 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Upfield Foods UK Limited

Opinion

We have audited the financial statements of Upfield Foods UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of Upfield Foods UK Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do believe there is a fraud risk related to revenue recognition because of limited perceived opportunity to commit fraud, as revenue transactions are simple with limited judgemental aspects.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unrelated accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report to the Members of Upfield Foods UK Limited (continued)

Fraud and breaches of laws and regulations - ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Upfield Foods UK Limited (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

J. Martinez

.....
Jack Martinez (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 5 October 2022

Upfield Foods UK Limited

Statement of Comprehensive Income

For the year ended 31 December 2021

		2021	(As restated*) 2020
	Note	£ 000	£ 000
Turnover	3	191,474	193,551
Cost of sales		<u>(171,587)</u>	<u>(157,099)</u>
Gross profit		19,887	36,452
Administrative expenses		<u>(13,186)</u>	<u>(23,645)</u>
Operating profit	4	6,701	12,807
Interest receivable and similar income	8	2,183	3,950
Interest payable and similar expenses	9	(125)	(210)
Other income	10	<u>251</u>	<u>37,753</u>
Profit before tax from continuing operations		9,010	54,300
Tax credit/(charge) on profit from continuing operations	11	<u>2,308</u>	<u>(5,471)</u>
Profit for the financial year		<u>11,318</u>	<u>48,829</u>

*See note 26 for further details.

There were no recognised gains or losses for the financial year other than those included in the Statement of comprehensive income.

The notes on pages 16 to 36 form an integral part of these financial statements.

Upfield Foods UK Limited

Balance Sheet as at 31 December 2021

			(As restated*)
	Note	2021 £ 000	2020 £ 000
Fixed assets			
Goodwill	12	35,831	35,831
Tangible assets	13	298	363
Right-of-use assets	14	-	-
		<u>36,129</u>	<u>36,194</u>
Current assets			
Cash at bank and in hand		3	12
Debtors	15	<u>133,406</u>	<u>122,005</u>
		133,409	122,017
Creditors: amounts falling due within one year	16	<u>(47,951)</u>	<u>(47,344)</u>
Net current assets		<u>85,458</u>	<u>74,673</u>
Total assets less current liabilities		121,587	110,867
Creditors: amounts falling due after more than one year	17	-	(813)
Provisions for liabilities	19	<u>(1,227)</u>	<u>(1,012)</u>
Net assets		<u>120,360</u>	<u>109,042</u>
Capital and reserves			
Share capital	20	-	-
Share premium reserve	21	49,868	49,868
Profit and loss account	21	<u>70,492</u>	<u>59,174</u>
Total equity		<u>120,360</u>	<u>109,042</u>

*See note 26 for further details.

The financial statements were approved by the Board of directors on 5 October 2022 were signed on its behalf by:

Peter Tichbon

.....
P A Tichbon
Director

Registration number: 09521994

The notes on pages 16 to 36 form an integral part of these financial statements.

Upfield Foods UK Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	<i>Share capital</i> <i>£ 000</i>	<i>Share premium</i> <i>reserve</i> <i>£ 000</i>	<i>Profit and loss</i> <i>account</i> <i>£ 000</i>	<i>Total equity</i> <i>£ 000</i>
At 1 January 2020	-	49,868	10,345	60,213
Profit for the year (As restated*)	-	-	48,829	48,829
Total comprehensive income (As restated*)	-	-	48,829	48,829
At 31 December 2020 (As restated*)	-	49,868	59,174	109,042
	<i>Share capital</i> <i>£000</i>	<i>Share premium</i> <i>reserve</i> <i>£000</i>	<i>Profit and loss</i> <i>account</i> <i>£000</i>	<i>Total equity</i> <i>£000</i>
At 1 January 2021 (As restated*)	-	49,868	59,174	109,042
Profit for the year	-	-	11,318	11,318
Total comprehensive income	-	-	11,318	11,318
At 31 December 2021	-	49,868	70,492	120,360

*See note 26 for further details.

The notes on pages 16 to 36 form an integral part of these financial statements.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Upfield Foods UK Limited ("the Company") is a private company limited by share capital, incorporated, domiciled and registered in the UK. The registered number is 09521994 and the registered address is 14-21 Rushworth Street, London, England, SE1 0RB. The principal activity can be found in the Directors' Report on page 4.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). Upfield Spreads UK Limited is the immediate parent company of Upfield Foods UK Limited. Upfield Group consists of all the subsidiaries of Sigma Topco B.V. including Upfield B.V. and its subsidiaries.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards as adopted by the UK ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantages of the FRS 101 disclosure exemptions have been taken.

The ultimate parent of the Company is Sigma Luxco S.a.r.L. which is exempt from preparing consolidated financial statements. The results of the immediate subsidiary of the ultimate parent, Sigma Topco B.V. ("an intermediate parent Company") are prepared under the International Financial Reporting Standards (IFRS) and will be filed in the Netherlands. The copies of the financials are publicly available from the address provided in note 24.

The Company's functional and presentation currency is GBP.

The values presented in these financial statements have been rounded to the nearest thousand £000 unless where otherwise stated.

Measurement convention

The financial statements are prepared on the historical cost basis. Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, as appropriate.

Going concern

The Company has net current assets of £85,458,000 as at the Balance Sheet date. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe, but plausible downsides, the Company will have sufficient funds, through funding from its parent company, Upfield Group B.V., to meet its liabilities as they fall due for that period.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Going concern (continued)

Upfield Group B.V. has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital managements;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of compensation of Key Management Personnel.
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

The Company has also taken the exemptions under FRS 101 available in respect of the following disclosures where applicable:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The following principal accounting policies have been applied consistently throughout the year:

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries, and it represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Statement of Comprehensive Income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged to the Statement of comprehensive income so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful lives range as follows:

Leasehold buildings: 14 years

IT Equipment: 4 years

Furniture and fittings: 3 years

Depreciation on assets in the course of construction only begins after completion.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Finance costs incurred in relation to the purchase of tangible fixed assets are not capitalised. Fixed assets will be reviewed for impairment only if there is some indication that impairment has occurred. Impairment losses are recognised in the Statement of comprehensive income included within operating profit under the appropriate statutory heading and disclosed as an exceptional item if appropriate. The reversal of past impairment losses is recognised when the recoverable amount of a tangible fixed asset has increased because of a change in economic conditions or in the expected use of the asset.

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Tangible fixed assets' policy.

Debtors

Debtors are amounts due from group and non group undertakings for services performed in the ordinary course of business and other receivables.

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Inventories

Inventories, and engineering consumables (spare parts for manufacturing assets), are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is determined on an average basis.

Provisions are made for slow moving and obsolete inventories as appropriate. The impairment loss is recognised immediately in the Statement of comprehensive income.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, and initially recognized at fair value. If payment is expected in one year or less, they are classified as due within one year. If not, they are presented as due after more than one year.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors include both third party suppliers and amounts owed to group under takings (intercompany creditors).

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of comprehensive income.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Turnover

IFRS 15 - Revenue from Contracts with Customers, has been applied in preparing these financial statements.

Turnover comprises sales of goods after the deduction of discounts and sales taxes. Discounts given by the Company includes rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs.

All turnover is revenue from contracts with customers. The Company's contracts with customers for the sale of products include one performance obligation. Turnover is recognized at the point in time when control of the underlying products has been substantially transferred to the customer which is dependent on individual customer terms i.e. either at dispatch or delivery.

Interest income and expense

Interest income and expense are recognised in the Statement of comprehensive income using the effective interest method.

Taxes

Income tax for the period comprises current and deferred tax.

Income tax

Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset if there is a legally enforceable right to set off the recognized amounts and if the Company intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Tax legislation is often complex and is subject to interpretation by management and the government authorities. These matters of judgement give rise to the need recognize provisions for tax payments that may arise in future years. Provisions are recognized against individual exposures and consider the specific circumstances of each case, including the strength of technical arguments, recent case law decisions or rulings on similar issues and relevant external advice. Provisions are recognized where appropriate on the basis amounts to be paid to the tax authorities.

Deferred tax

A deferred tax asset for deductible temporary differences and the carry forward of unused tax losses and unused tax credits is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. No deferred tax asset on deductible temporary differences is recognised if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities in a transaction which is (i) not a business combination and (ii) at the time of the transaction, affects neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent (i) the Company is able to control the timing of the reversal of the temporary difference and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include deposits and short-term deposits at bank. To be classified as cash and cash equivalents, an asset must:

- be readily convertible into cash;
- have an insignificant risk of changes in value; and
- have a maturity period of three months or less at acquisition.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest costs in the income statement. This category generally applies to interest bearing borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued).

1 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

There are no judgements and estimates that have a significant effect on amounts recognised in the financial statements.

3 Analysis of turnover

Turnover comprises the invoiced value of the sales of goods and services after deduction of discounts and sales taxes. Turnover is recognised when the risks and rewards of the underlying products have been substantially transferred from the Company to the customer. There are no contract assets or liabilities outstanding at the end of the year (2020: nil). All amounts due from customers are included in Debtors (note 15).

The Company is engaged in the sale of consumer products and in the opinion of the directors, does not carry on classes of business substantially different from each other. The trade receivable balance for the year ended amounted to £23,676,000 (2020: £23,711,000).

	2021 £ 000	2020 £ 000
Turnover	190,760	192,625
Royalties	714	926
	<u>191,474</u>	<u>193,551</u>

All turnover relates to the UK.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

4 Operating profit

The Operating profit is stated after debiting/(crediting):

	2021 £ 000	2020 £ 000
Impairment of right-of-use asset	-	1,259
Impairment of tangible assets	-	1,285
Depreciation of tangible fixed assets	65	69
Depreciation on right-of-use assets	-	325
Defined contribution scheme employer contributions	435	620
Profit on early termination of lease	-	(556)

5 Auditor's remuneration

Fees payable to the auditor, KPMG LLP, amounted to €178,000 (2020: €35,000), which when translated at the spot rate at 31 December 2021 amounted to £150,000 (2020: £31,000), for the audit of the financial statements.

There were no non-audit services provided by the Company's auditor.

6 Employee information

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2021 No.	2020 No.
Administration	81	84

Staff costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	6,253	9,303
Social security costs	713	964
Cost of defined contribution scheme	435	620
Apprenticeship Levy notional value	21	31
	7,422	10,918

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

6 Employee information (continued)

The Company operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the Company to the scheme and amounted to £435,000 (2020: £620,000).

Contributions totalling £nil (2020: £nil) were payable to the scheme at the end of the year.

7 Directors' remuneration

Two of the directors who served during the year are remunerated by the Company and details of their emoluments are provided below. The remainder of the directors of the Company were employed by the other Upfield Group companies and their services to the Company during the year were insignificant.

	2021 £ 000	2020 £ 000
Aggregate emoluments	<u>686</u>	<u>799</u>

The highest paid director received remuneration of £544,000 (2020: £484,000).

8 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Group interest receivable	<u>2,183</u>	<u>3,950</u>

Amounts owed to group undertakings are interest bearing, unsecured and payable on demand.

9 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest expense on financial liabilities	-	159
Group interest payable	<u>125</u>	<u>51</u>
	<u>125</u>	<u>210</u>

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

10 Other income

	2021	(As restated*) 2020
	£ 000	£ 000
Gain on sale of property, plant and equipment	-	37,753
Miscellaneous income	251	-
	<u>251</u>	<u>37,753</u>

*See note 26 for further details.

11 Tax charge on profit from continuing operations

The taxation (credit)/charge is made up as follows:

	2021	(As restated*) 2020
	£ 000	£ 000
UK corporation tax		
Current tax on income for the year	494	5,509
Adjustments in respect of prior periods	(2,516)	(1,011)
Total current tax	<u>(2,022)</u>	<u>4,498</u>
Deferred tax		
Current year	484	1,431
Arising from changes in tax rates and laws	(770)	(458)
Total deferred tax	<u>(286)</u>	<u>973</u>
Tax (credit)/charge on profit	<u>(2,308)</u>	<u>5,471</u>

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

11 Tax charge on profit from continuing operations (continued)

The current tax assessed for the year is lower (2020: lower) than the standard rate of corporation taxation in the UK 19% (2020: 19%).

The differences are explained below:

	2021 £ 000	(As restated*) 2020 £ 000
Profit before tax	9,010	54,300
Tax on profit at standard UK corporation tax rate of 19% (2020: 19%)	1,712	10,317
Effects of:		
Non-deductible expenses	-	2,585
Reduction in tax rate on deferred tax balances	(770)	(458)
Income not taxable	-	(7,514)
Adjustments in respect of prior periods	(2,516)	(1,011)
Effects of group relief/ other reliefs	(734)	(1,319)
Rolled over gains	-	2,871
Total tax (credit)/expense	(2,308)	5,471

*See note 26 for further details.

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (substantively enacted on 17 March 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. The Finance Act 2021 (substantively enacted on 24 May 2021) increased the main rate of UK corporation tax to 25%, effective from 1 April 2023. As the future increase in the corporation tax rate was substantively enacted at the balance sheet date, deferred taxes on the balance sheet (to the extent it is recognised) reflect the 25% tax rate.

On 23 September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 19% from 1 April 2023 - reversing the previously enacted measure to increase the rate to 25%. The announcement of the reversal in the tax rate from 1 April 2023 was not enacted or substantively enacted at the balance sheet date and accordingly has not been reflected when measuring deferred taxes.

Deferred taxation

The amount of deferred tax recognised at 31 December 2021 was £3,209,000 (2020 as restated: £2,923,000).

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

12 Goodwill

	<i>Goodwill</i> <i>£ 000</i>
Cost	
At 1 January 2021	35,831
At 31 December 2021	35,831
Net book value	
At 31 December 2021	35,831
At 31 December 2020	35,831

Goodwill arose upon incorporation of the Company, as a result of the transfer of the Baking Cooking and Spreads Business (BCS) from Unilever UK Limited to the Company. A comprehensive goodwill impairment review has been undertaken in the year and no impairment charge has been recorded.

Disclosure of the method and key assumptions used to determine the recoverable amounts is also needed as follows:

Goodwill has been allocated against a single cash generating unit being Upfield Foods UK Limited. The recoverable amount of the cash generating unit has been calculated with reference to its value in use by calculating a present value of future cash flows in 'nominal' terms'.

The key assumptions of this calculation are shown below:

- Period on which management approved forecasts: 5 years
- Discount factor: 4.9%
- Growth factors considered in a range of +0.0% to +4.3%. The growth rate range relates to the expected growth in net sales in the forecast period. This considers the impact of COVID-19. In determining the Value in Use, no terminal growth rate has been applied to the perpetuity cash flows.
- Margin remains consistent at 3.5% based on the Upfield Group transfer pricing model

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

13 Tangible assets

	<i>Leasehold buildings £ 000</i>	<i>IT Equipment £ 000</i>	<i>Furniture and fittings £ 000</i>	<i>Total £ 000</i>
Cost				
At 1 January 2021	213	219	13	445
At 31 December 2021	213	219	13	445
Accumulated depreciation				
At 1 January 2021	19	58	5	82
Charge for the year	15	46	4	65
At 31 December 2021	34	104	9	147
Net book value				
At 31 December 2021	179	115	4	298
At 31 December 2020	194	161	8	363

14 Right-of-use assets

Set out below is the carrying amount of right-of-use asset recognised and the movements during the year ended 31 December 2021:

	<i>2021 £ 000</i>	<i>2020 £ 000</i>
At 1 January	-	3,079
Disposal	-	(426)
Modification	-	(1,069)
Depreciation charged in the year	-	(325)
Impairment charge	-	(1,259)
At 31 December	-	-

The Company has a lease contract for office building.

The office building lease contract had a term of 10 years. At 31 December 2020, the Company decided to early terminate the contract (break clause at the end of 5th year) leading to remeasurement of right-of-use asset and corresponding lease liability as a result of reduction in lease term. Further, the Company vacated the building and as a result of abandonment, fully impaired the right-of-use asset.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

15 Debtors

	2021	(As restated*) 2020
	£ 000	£ 000
<i>Amounts falling due after more than one year</i>		
Deferred taxation (Note 18)	3,209	2,923
<i>Amounts falling due within one year</i>		
Trade receivables	23,676	23,711
Amounts owed by group undertakings	104,687	85,023
Other debtors	853	9,462
Prepayments and accrued income	981	886
	<u>130,197</u>	<u>119,082</u>
Total debtors	<u>133,406</u>	<u>122,005</u>

*See note 26 for further details.

The fair values of above figures are not considered to be significantly different from their carrying values.

Amounts owed by Group undertakings include balances from Upfield B.V., Upfield Treasury, Upfield Europe B.V. and Upfield R&D B.V. which are interest bearing, unsecured and payable on demand.

Amounts owed by group undertakings classified within "Debtors: Due within one year" are unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due within one year

	2021	(As restated*) 2020
	£ 000	£ 000
Trade creditors	2,021	76
Amounts owed to group undertakings	37,001	31,150
Corporation tax	1,899	4,499
Accruals and deferred income	5,751	10,192
Social security and other taxes	563	348
Other creditors	716	632
Current portion of long term lease liabilities (Note 22)	-	447
	<u>47,951</u>	<u>47,344</u>

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

16 Creditors: amounts falling due within one year (continued)

*See note 26 for further details.

The fair values of above figures are not considered to be significantly different from their carrying values.

Amounts owed to group undertakings include balances to Upfield Europe B.V. which are non-interest bearing, unsecured and payable on demand.

17 Creditors: amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Long term lease liabilities (Note 22)	-	813

18 Deferred tax asset and liabilities

	£000
At 1 January 2021	2,923
Credited to profit and loss	286
At 31 December 2021	3,209

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	(As restated*)		(As restated*)		Net	Net
	Assets	Assets	Liabilities	Liabilities	Net	Net
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Employee benefits - pension	-	1	-	-	-	1
Tangible fixed assets	3,392	3,061	-	-	3,392	3,061
Provisions	-	-	(183)	(139)	(183)	(139)
Total Deferred tax asset	3,392	3,062	(183)	(139)	3,209	2,923

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

18 Deferred tax asset and liabilities (continued)

Movement in deferred tax during the year:

	1 Jan 2021	Recognised in Income	Intercompany transfers	31 Dec 2021
	£000	£000	£000	£000
Employee benefits - pension	1	(1)	-	-
Tangible fixed assets	3,061	331	-	3,392
Provisions	(139)	(44)	-	(183)
Total Deferred tax asset	2,923	286	-	3,209

Movement in deferred tax during the prior year:

		(As restated*)		(As restated*)
	1 Jan 2020	Recognised in Income	Intercompany transfers	31 Dec 2020
	£000	£000	£000	£000
Employee benefits - pension	1	-	-	1
Tangible fixed assets	3,879	(818)	-	3,061
Provisions	16	(155)	-	(139)
Total Deferred tax asset	3,896	(973)	-	2,923

*See note 26 for further details.

19 Provisions for liabilities and other charges

	<i>Restructuring provisions</i> £ 000	<i>Others</i> £ 000	<i>Total</i> £ 000
At 1 January 2021	628	384	1,012
Increase in existing provisions	812	-	812
Utilisation	(597)	-	(597)
At 31 December 2021	843	384	1,227

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

19 Provisions for liabilities and other charges (continued)

Provisions consist of two elements:

Restructuring

The Company has constructive obligations in respect of redundancy and other costs relating principally to restructuring its operations on an ongoing basis. The amounts of the provision is based on calculations of the cost of redundancies for notified individuals at the balance sheet date.

Other

Other provisions relate to ongoing legal and contractual obligations and has constructive obligations in respect to long term service awards and the provision will be utilised when the payments are made in the future.

20 Share capital

	2021 £	2020 £
Allotted, called up and fully paid share		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

21 Reserves

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

22 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year ended 31 December 2021:

	2021 £ 000	2020 £ 000
At 1 January	1,260	3,614
Disposal	-	(529)
Effect from discounting at the incremental borrowing rate of 5.2%	-	159
Lease payments for the period	<u>(1,260)</u>	<u>(1,984)</u>
At 31 December	<u>-</u>	<u>1,260</u>
Of which:		
Current portion of long term lease liabilities	-	447
Long term lease liabilities	<u>-</u>	<u>813</u>
	<u>-</u>	<u>1,260</u>

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

22 Lease liabilities (continued)

At 31 December 2020, the Company decided to early terminate the contract (break clause at the end of 5th year) leading to remeasurement of right-of-use asset and corresponding lease liability as a result of reduction in lease term. The Company is still liable to pay rent for the remaining the lease term. Since, the Company has surrendered the leased office back to lessor, the liability pertaining to the agreement has been now recognised under provision for liabilities.

The maturity analysis of lease liabilities is as follows:

	2021 £ 000	2020 £ 000
Maturity analysis		
Within 1 year	-	475
Within 2 to 5 years	-	832
	-	1,307
Effect from discounting at the incremental borrowing rate of 5.2%	-	(47)
At 31 December	-	1,260

23 Related party disclosures

The Company has taken advantage of the exemption in FRS 101 under paragraph 8(k) 'Related party disclosures', to not disclose related party transactions entered into between two or more members of Upfield group. There are no other related parties of the Company.

24 Controlling party

The Company is a wholly owned subsidiary of Upfield Spreads UK Ltd (previously named Unilever BCS Ltd.), a UK registered company.

The ultimate parent of the Company is Sigma Luxco S.a.r.L. which is exempted to prepare consolidated financial statements in the current year. The results of the immediate subsidiary of the ultimate parent, Sigma Topco B.V. ("an intermediate parent company") are prepared and includes the results of the Company. The copies of these financial statements can be publicly obtained from Sigma Topco B.V.'s registered address - Overschiestraat 61 5 hoog, 1062XF, Amsterdam, Netherlands.

The Company has not disclosed transactions with fellow wholly owned subsidiaries in accordance with the exemption under the terms of IFRS 101 as the ultimate parent company produces publicly available financial statements. The financial statements, in the current year are both the smallest and largest group to consolidate these financial statements. Copies of 2021 Sigma Topco B.V.'s financial statements can be publicly obtained from their registered address - Overschiestraat 61 5 hoog, 1062XF, Amsterdam, Netherlands.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

25 Post balance sheet events

There have been no post balance sheet events that are necessary for the directors to report on.

26 Prior year restatement

The comparative amounts presented for 2020 have been restated for the reasons outlined below.

Adjustment 1

In 2020, amounts owed to group undertakings of £45,177,000 were presented net within amounts owed by group undertakings in debtors. These amounts should have been presented gross, and therefore the comparative balances have been restated to present them as such.

Adjustment 2

The prior year disclosure of debtors due after more than one year included £39,782,000 which is actually repayable on demand. As the contractual maturity of this balance is less than one year, the disclosure of debtors due after more than one year has been restated.

Adjustment 3

During the year 2020, the Company changed its accounting system, and during the transfer, a system malfunction occurred. As a consequence of this, administrative expenses in the prior year included £5,873,000 which had been credited to intercompany payables. This balance should not have been posted, and has therefore been reversed. In addition, during 2020, the Group disposed of tangible assets to fellow group companies for proceeds of £8,154,000. These assets had previously been fully impaired, and no accounting entries were made for the disposal. However, the 2020 Statement of comprehensive income should have included a gain on disposal of £8,154,000, with a corresponding decrease in the intercompany payables, and therefore the comparative balances have been restated. The tax effect of this restatement is to increase the tax charge for 2020 by £775,000, with a corresponding decrease in deferred tax asset in debtors due after more than one year.

The effect of the restatement on these financial statements is summarised below. There is no impact on the comparative period's opening equity from these adjustments.

Upfield Foods UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021 (continued)

26 Prior year restatement (continued)

Effect on Balance Sheet:

	<i>As previously reported</i>	<i>Adjustment 1</i>	<i>Adjustment 2</i>	<i>Adjustment 3</i>	<i>As restated</i>
	£ 000	£ 000	£ 000	£ 000	£ 000
Cash at bank and in hand	12	-	-	-	12
Debtors: amounts due within one year	34,123	45,177	39,782	-	119,082
Debtors: amounts due after more than one year	43,480	-	(39,782)	(775)	2,923
Creditors: amounts falling due within one year	(16,194)	(45,177)	-	14,027	(47,344)
Net Current Assets	61,421	-	-	13,252	74,673
Share premium reserve	49,868	-	-	-	49,868
Profit and loss account	45,922	-	-	13,252	59,174
Total Equity	95,790	-	-	13,252	109,042

Effect on Statement of Comprehensive Income:

	<i>As previously reported</i>	<i>Adjustment 1</i>	<i>Adjustment 2</i>	<i>Adjustment 3</i>	<i>As restated</i>
	£ 000	£ 000	£ 000	£ 000	£ 000
Turnover	193,551	-	-	-	193,551
Cost of sales	(157,099)	-	-	-	(157,099)
Gross profit	36,452	-	-	-	36,452
Admin expenses	(29,518)	-	-	5,873	(23,645)
Operating profit	6,934	-	-	5,873	12,807
Interest receivable and similar income	3,950	-	-	-	3,950
Interest payable and similar expenses	(210)	-	-	-	(210)
Other income	29,599	-	-	8,154	37,753
Profit before tax	40,273	-	-	14,027	54,300
Tax charge	(4,696)	-	-	(775)	(5,471)
Profit after tax	35,577	-	-	13,252	48,829